Economic and Social Council

Economic Commission for Europe

Conference of European Statisticians

Sixtieth plenary session
Paris, 6-8 June 2012
Item 5 of the provisional agenda
Follow-up to the Conference of European Statisticians 2010 seminar on impact of global crises on statistical systems

Response of national statistical offices to the financial crisis: summary of country reports

Note by Statistics Canada

Summary

As a follow-up to the Conference of European Statisticians 2010 seminar on impact of crises on statistical systems, the Conference recommended to prepare of a compilation of country experiences with lessons learned from the financial crisis. Statistics Canada prepared a summary paper on lessons learned based on experience of countries and international organizations. Sixteen countries and six international organizations provided input to the paper. The contributions include a wealth of detail on country experiences and practices that was not possible to fully reflect in the summary. Readers are therefore encouraged to consult the full replies at:

http://www.unece.org/stats/documents/2010.06.ces/contributions.html.

The Bureau of the Conference of European Statisticians approved the paper at its November 2011 meeting.

Please recycle

I.   Introduction

1.   This paper analyses lessons learned from the recent financial crisis from the point of view of national statistical offices (NSOs). It was compiled from a consultation process with the members of the Conference of European Statisticians (CES) in spring/summer 2011. Countries were asked to document their experience according to an outline provided in the Annex. In addition, international organizations contributed to the paper.

2.   In all, sixteen countries and six international organizations submitted contributions. The countries included Belarus, Canada, Croatia, Finland, Hungary, Latvia, Lithuania, Mexico, Netherlands, Poland, Slovakia, Sweden, Turkey, Ukraine, United Kingdom, and, United States. The United Nations Conference on Trade and Development (UNCTAD), Eurostat, United Nations Statistics Division (UNSD), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD) and World Bank also submitted a response. The replies are available at http://www.unece.org/stats/documents/2010.06.ces/contributions.html.

3.   The contributions include a lot of information that was not possible to fully reflect in the summary. Readers are therefore encouraged to consult the full replies for more detail on country experiences and practices that are referred to in the current paper.

4.   The outline followed steps that an NSO could have followed to respond to the financial crisis. Three categories will be elaborated in this paper based on what was included in the reports of countries. These are:

(a)   Consultations with stakeholders;

(b)   Review and adjustments related to data holdings, methodologies, release times and communication strategies; and

(c)   Follow-up after crisis for adjustments to statistical programs.

5.   This summary of country experiences will be organized under these three categories.

6.   The paper then summarizes the statistical activities of international organizations in response to the crisis, followed by a short conclusion.

II.   Consultations with stakeholders

7.   Countries had many forms of stakeholder consultations during the time of the economic crisis. Some countries relied on their longstanding consultation mechanisms to learn about clients during the economic downturn. Others did special consultations with users and policy departments to get feedback about data and statistical services during the recession. Some countries also did consultation with respondents, especially business respondents, who were affected by the crisis and had problems complying with response burden.

8.   Countries experienced interesting feedback during the crisis. One country, Latvia, reported that the number of queries about data doubled during the downturn. Finland reported receiving more criticism about data coherence and data quality during the downturn. Lithuania reported a drop in client satisfaction even though resources had been employed to improve data quality. Clients from many countries were concerned about coherence of the short term statistics.

9.   Canada reported being asked to produce more frequent data on business investment during the crisis but not to change the timeliness of long-standing programs or add questions to surveys in the short run which would not produce time series estimates.

10.   Some countries also reported that clients required more information on sources and methods and more advice on how the interpret the data.

11.   Based on these consultations, NSOs reviewed their practices and services.   The following reviews and adjustments to programs were reported.

III.   Review of data holdings, methodologies (including seasonal adjustments), release times and communication strategies

12.   Many NSOs have done thorough reviews of their data products to identify possible adjustments and challenges in the face of the recent economic crisis. The rapidity of the onset of the financial crisis and the ensuing recession left little time for adjustment of countries' statistical products.   Nonetheless, many countries reviewed the timeliness and detail of their economic and macroeconomic statistics to identify possible changes.

13.   On the issue of timeliness, many countries assessed their timeliness against the international requirements as set out by the IMF Special Data Dissemination Standard and concluded that heir timeliness was adequate. Several countries reported shortening the length of time from the reference period to release for their short-term indicators (examples are: Lithuania, Latvia). Some of this was accomplished by re-organizing the statistical processing to be more time efficient.   Other countries developed new Flash estimates of gross domestic product (GDP), usually to meet the 45 day timeliness goal (examples are: Ukraine, Turkey).   Econometric and/or Auto-Regressive Integrated Moving Average (ARIMA) modelling was used to fill in gaps for flash estimates.

14.   There were many and varied responses to reviewing the scope, content and detail of data published during the crisis. Some interesting examples included reviewing the array of financial data available to understand the crisis.   Other countries looked at the array of indicators of the business cycle available including business conditions surveys, construction indicators.   Many countries reviewed their labour market data holdings including employment, unemployment and wage information. Some countries focussed on the economic and social aspects of the household sector.

15.   Some specific adjustments were done following these deliberations. In Canada, one time surveys were launched for business and government investment expenditures and on Household Finances and new variables on household and business debt to income and debt financing ratios were added to existing data products.   Statistics Finland had begun a project earlier in the decade to improve statistics on the economic cycle including new orders in manufacturing and a labour cost index. As a result of the crisis it has launched a project on better measurement of building renovations. Hungary increased the number of variables compiled on labour markets and wages using administrative data and data from existing labour force statistics. Mexico developed new systems of leading and coincident business cycle indicators. Latvia launched a survey based on a World Bank initiative on the welfare of households under conditions of economic crisis.   The survey explored the experiences of households during the crisis in terms of income and economic difficulties, finances and formal and informal support mechanisms.

16.   From the perspective of review of methodologies, seasonal adjustment methods were the main focus for NSOs related to the crisis. Many launched internal reviews of methods. The sharp declines in economic activity at the beginning of the crisis posed problems in delineating the cyclical from the irregular component of time series. Many countries

mentioned following the recommendations of the European Statistical System (Tramo/Seats method). Some countries launched reviews of the consistency of seasonal adjustment methods across indicators to improve coherence. These include Finland, Latvia, Canada, Sweden, and Turkey. By and large, countries decided not to alter their seasonal adjustment methods during the crisis as this was the most transparent way to proceed.

17. Several countries mentioned coherence of the various indicators being an issue during the crisis. Finland launched an internal review of the coherence of business statistics which led to the creation of a new post for coherence of price and volume calculations.

18. The review of communication strategies was an important step for many NSOs. Canada shifted priority in its information releases to put more emphasis on financial data (Financial accounts and National Balance Sheets), on labour market data by adding analytic content to the regular releases. Lithuania also followed a similar strategy by adding emphasis to the data most important to understanding the economic crisis.

19. Mexico and other countries put more emphasis on seasonally adjusted data with trading day adjustments. The communication strategy included helping users understand how to use these data and by the end of the crisis the uptake was demonstrated by the fact that the daily newspapers had begun to cite these data.

20. A number of countries developed new publications related to the crisis. Hungary developed a publication on "Crisis in the Labour Market" and Lithuania developed a publication of relevant information on the economic crisis released 6 days following the data release. Sweden also published more detailed articles 2 weeks after the main economic releases. Other countries started work on measuring the well-being of households and published at the end of the crisis.

IV. Follow-up after the crisis

21. There was a major focus reported by many countries to improve their data on Financial Accounts and Balance Sheet data. The United Kingdom, Mexico, the United States and others reported this. The comprehensive reviews were done in line with the recommendations of the G20 report following the crisis.

22. Countries also continued with their practices that were implemented during the crisis such as improved timeliness, producing seasonally adjusted data, producing "flash GDP" estimates and coherence work.

23. Finally, those countries that focussed on providing information on the "wellbeing" of households continued the work of developing these data products and reports

V. Activities of international organizations

24. The United Nations Statistics Division/Department of Economic and Social Affairs and the Statistical Office of the European Union (Eurostat) have jointly organized in collaboration with Statistics Canada, Statistics Netherlands and the Russian Federal State Statistics Service (Rosstat) a series of international seminars on high quality early warning and business cycle indicators. The seminars and the working groups set up in their framework have discussed and recommended a programme on short-term economic statistics including four thematic areas: rapid estimates, business tendency statistics and indicators, business cycle composite indicators and the role of national statistical systems in the compilation and release of recommended set of short-term statistics and indicators. A number of deliverables were identified such as internationally accepted data template with corresponding metadata, handbooks and guides on rapid estimates, business tendency

surveys and business cycle composite indicators, glossary on rapid estimates and inventory of country practices with regard to the above types of statistics as well as with regard to dissemination of the statistics on national level via national central data hubs. The work on these deliverables is progressing and the deliverables are expected to be submitted to the Statistical Commission in 2013. For more information see: http://unstats.un.org/unsd/statcom/doc11/2011-11-Short-termEcoIndicators-E.pdf

25.   In the context of the G20 Financial Crisis and Data Gaps Initiative, a template for a minimum set of institutional sector accounts, including balance sheets, has been developed by a subgroup of the Inter-Agency Group on Economic and Financial Statistics (IAG)[1]. In this respect, the importance of detailed data on financial positions on a 'from-whom-to-whom' basis was noted, particularly in view of the need to understand the financial interconnectedness among the domestic sectors and the rest of the world. However, the compilation of such data would require more intensive resources and data collection efforts. As a consequence, it will only be pursued by the IAG in the medium-term. The OECD has taken responsibility for the collection and validation of these data for the G20-countries, on an annual and quarterly basis. Publication of available information at the PGI-website (http://www.principalglobalindicators.org/default.aspx) is foreseen for early 2012.

26.   The World Bank, in coordination with the IMF, launched a database on quarterly public sector debt for developing and emerging market countries at the end of 2010. In the second half of 2011, it was decided to enlarge this database with data for developed countries. The OECD has assumed responsibility for the collection and validation of the relevant data for its member countries. The first questionnaire has been sent out in December 2011. After processing, the data collected by the OECD and the World Bank will be published at the PGI-website.

27.   More generally, the OECD has taken responsibility for the computation and publication of aggregates for the G20-countries as a total. The first aggregate to be estimated and published relates to quarterly GDP growth rates. A methodology has been agreed upon and results, in the form of a coordinated press release, will be available at of the beginning of 2012.

28.   Finally, it is considered critical, not only from an equity perspective but also to identify the concentration of specific risks on subgroups of the population, which may affect countries' vulnerability to shocks in asset prices and interest rates, to have more detailed information on income and wealth distribution among different household groups. For this purpose, two Expert Groups were established at the end of 2010. The first one, a collaborative effort between the OECD and Eurostat, aims at the compilation of income, consumption and saving rates for different types of households, using existing micro data and integrating these data into the framework of the National Accounts. The second expert group pursues two related goals. The first is to improve the availability and comparability of data on the distribution of household assets and liabilities. The second goal is to bring together and assess the consistency of existing standards for the measurement of household income, consumption and wealth at the micro level, to support joint analysis of their distribution. The two expert groups held two meetings in 2011, with an additional one planned for August 2012. The final reports from both expert groups are expected to be reviewed by the OECD Committee on Statistics (CSTAT) by the end of 2012.

---

[1] The Inter-Agency Group on Economic and Financial Statistics was created at the end of 2008, and comprises representatives of the Bank for International Settlements, the European Central Bank, Eurostat, the IMF, the OECD, the United Nations, and the World Bank. The group is chaired by the IMF.

29.   To address data gaps revealed by the global crisis, the IMF in collaboration with the Financial Stability Board (FSB) Secretariat and the Inter-Agency Group on Financial and Economic Statistics (IAG)[2] are implementing the G-20 data gaps initiative (DGI). The work has been endorsed by G-20 Finance Ministers and Central Bank Governors and the IMF's International Monetary and Financial Committee and is informed by consultations with national authorities. Progress is being made in 20 recommendations that cover data to assess the build-up of risk in the financial sector, cross-border financial interconnections, and domestic vulnerabilities, as well as improved communication of official statistics. There have been three reports to date (October 2009, May 2010, and June 2011) on the DGI[3] Work to close the data gaps is ongoing and the next progress report on DGI is due to the G-20 Finance Ministers and Central Bank Governors in September 2012. Further, the Principal Global Indicators (PGI) - a public website (www.principalglobalindicators.org/default.aspx) - has been established by the IAG and contains economic and financial data for the G-20 economies and five non-G-20 countries members of the FSB. The IMF organized two seminars on the sidelines of the IMF-World Bank Annual Meetings in Washington D.C (October 2010 and 2011), which provided a platform to exchange views with policymakers on what we need to know about nonbank financial institutions and what enhanced and new statistics we need to contribute further to monetary analysis and financial stability.[4]

30.   The World Bank, IMF and OECD are collaborating to enhance the availability of government, and more broadly, public sector debt data. The Public Sector Debt Statistics Database was launched in December 2010 at www.worldbank.org/qpsd and was initially focused on developing and emerging economies, and is now being expanded to the advanced economies. The launch of the database is one of the recommendations in the G-20 Data Gaps Initiative. This Initiative has been endorsed by G-20 finance ministers and central bank governors and also by the IMF's International Monetary and Financial Committee. Participation requires the provision of data to the World Bank for re-dissemination on the Public Sector Debt Statistics database. Data requested are aligned with the *Public Sector Debt Statistics: Guide for Compilers and Users* (the *Debt Guide*). The classifications and definitions are harmonized with those used in other statistical manuals, such as the *System of National Accounts 2008*, *Government Finance Statistics Manual 2001*, *Balance of Payments and International Investment Position Manual, sixth edition*, and the *Handbook on Securities Statistics*.

VI.   Conclusion

31.   Countries reported many good practices for NSOs in responding to the economic crisis. The reactions varied depending on the type of data system that was already in place, on the particular circumstances of the crisis in that country and on the focus of the stakeholders.

32.   Two main themes emerged. All countries reported the importance of have good consultation mechanisms in place in order to be aware of users concerns and to react to

---

[2] Members of the IAG are the Bank for International Settlements (BIS), the European Central Bank (ECB), Eurostat, the IMF (chair), the OECD, the United Nations, and the World Bank.

[3]   Available at http://www.imf.org/external/np/g20/pdf/102909.pdf, www.imf.org/external/np/g20/pdf/053110.pdf. and www.imf.org/external/np/g20/pdf/063011.pdf, respectively

[4] "Financial Stability—The Data Challenge," October 2010; and "Casting Light on Shadow Banking: Data Needs for Financial Stability," October 2011.

them quickly. The other common theme was the issue of producing high quality seasonal adjustments, especially early in the crisis when standard techniques interpreted the early drop in economic activity as outliers rather than a change in the cycle. This led to bigger revision in seasonally adjusted data for many subsequent periods.

Annex

Response of national statistical offices to financial crisis

Outline of a short contribution by countries

(Follow-up to the Conference of European Statisticians 2010 seminar on impact of global crises on statistical systems)

This outline addresses the follow-up and response to the financial crisis by NSOs. It is based on a series of steps that an NSO could follow that would be generic to any crisis, but documents the reaction of NSOs to the recent Global Financial Crisis and ensuing recession.

Countries are asked to document their experiences related to the headings below.

A. Recognition of the crisis and review of

(a) Data holdings;

(b) Methodologies that may need adjustment (including seasonal adjustment);

(c) Release schedules and timeliness;

(d) Communication strategies.

B. Consultation with users and stakeholders on needs and data gaps to help inform the issues

(a) Use of regular stakeholder consultation forums;

(b) Special consultations with relevant Government Policy Departments;

(c) Consultation with international agencies.

C. Consolidation of results of consultations and internal review

(a) Identify potential modifications to surveys or programs in rapid response mode;

(b) Identify potential to change timeliness of relevant data;

(c) Identify gaps in data holdings;

(d) Identify gaps in metadata needed to help users to take advantage of data holdings;

(e) Identify potential changes to communication of data through different release strategies;

(f) Identify potential to reallocate resources from lower priority programs to higher priority - short run or long run;

(g) Identify non-official data sources relevant to the crisis

D.   Set priorities and identify resources available to fill in gaps

E.   Mobilize resources and implement communication strategy

(a)   Put high priority on data releases of the relevant information;

(b)   Use consultation mechanisms to help users understand data holdings (financial data is complex);

(c)   Explain differences between official and non-official data related to the crisis.

F.   Follow up after crisis to readjust program where necessary

G.   How to prepare in advance for "any" crisis